

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6255

BILL NUMBER: SB 269

DATE PREPARED: Nov 6, 2001

BILL AMENDED:

SUBJECT: PERF Vesting for County Elected Officials.

FISCAL ANALYST: James Sperlik

PHONE NUMBER: 232-9866

FUNDS AFFECTED: **GENERAL
DEDICATED
FEDERAL**

IMPACT: Local

Summary of Legislation: This bill provides that a person serving as a county clerk, auditor, recorder, treasurer, sheriff, or coroner is vested in the Public Employees' Retirement Fund (PERF) after: (1) eight years of service in that office; or (2) ten years of service based on a combination of service as an elected county official and as a full-time employee in another covered position. The bill provides that a person who has served eight years as an elected county official is eligible for normal retirement at 65 years of age. (The introduced version of this bill was prepared by the County Government Study Commission.)

Effective Date: July 1, 2002.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: The fiscal impact of this proposal is as follows:

<u>Item</u>	<u>PERF Municipalities Only</u>
Increase in Unfunded Accrued Liability	(\$7,200)
Estimated Increase in Annual Funding	\$4,100
Increase in Annual Funding as % of Payroll	Minimal

Background Information

Recent data provided by PERF show that there are 334 full-time elected officials that would be affected by this proposal. These full-time positions are currently covered by PERF. In calculating the impact, it has been assumed that the average demographics of the 334 full-time elected county officials would be the same as for the general PERF population. In addition, IC 5-10.3-7-2 provides that officials of a political subdivision elected by a vote of the people may not be members of PERF, unless the governing body specifically provides for participation of locally elected officials.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Those counties with employees covered by the provisions of this bill.

Information Sources: Doug Todd of McCready and Keene, Inc., actuaries for PERF, 576-1508.

Vested Benefits Accrued benefits of a participant that have become nonforfeitable under the vesting schedule adopted by PERF.

Funding A systematic program under which assets are set aside in amounts and at times approximately coincident with the accruing of benefit rights under a retirement system.

Unfunded Accrued Liability The excess of the actuarial accrued liability over the actuarial value of assets. This value may be negative, in which case it may be expressed as a negative unfunded actuarial accrued liability; the excess of the actuarial value of assets over the actuarial accrued liability; or the funding excess.